

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 21, 2024

Flexsteel Industries Inc

(Exact name of Registrant as Specified in Its Charter)

Minnesota  
(State or Other Jurisdiction  
of Incorporation)

0-5151  
(Commission File Number)

42-0442319  
(IRS Employer  
Identification No.)

385 Bell Street  
Dubuque, Iowa  
(Address of Principal Executive Offices)

52001-7004  
(Zip Code)

Registrant's Telephone Number, Including Area Code: (563) 556-7730

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FLXS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On October 21, 2024, Flexsteel Industries, Inc. issued a press release announcing First Quarter Ended September 30, 2024 operating results. A copy of the Press Release is attached hereto as Exhibit 99.1

**Item 7.01 Regulation FD Disclosure.**

The company will host a conference call and webcast at 8:00 a.m. Central Time (9:00 a.m. Eastern Time) on Tuesday, October 22, 2024 to discuss results and answer questions. Analysts and investors may participate in the question-and-answer session. The call can be accessed via telephone at 833-816-1123 (domestic) or 412-317-0710 (international) and requesting to be connected with Flexsteel conference call.

Additionally, interested parties can listen to a live webcast of the call in the Investor Relations section of the Company's website at <https://ir.flexsteel.com>. An archived version of the webcast will be available in the same location shortly after the live call has ended.

A recorded replay can be accessed through October 29, 2024, by dialing 877-344-7529 (domestic) or 412-317-0088 (international); Replay access code: 3572796

**Item 9.01 Financial Statements and Exhibits.****Exhibit**      **Description**

[99.1](#)      [Press Release on Fiscal First Quarter Results by Flexsteel Industries, Inc. dated October 21, 2024](#)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FLEXSTEEL INDUSTRIES, INC.

Date: October 21, 2024

By: /s/ Michael J. Ressler

Michael J. Ressler  
Chief Financial Officer

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## Flexsteel Industries, Inc. Reports Strong Fiscal First Quarter 2025 Results; 10% Sales Growth and Continued Operating Margin Expansion

Dubuque, Iowa – October 21, 2024 – Flexsteel Industries, Inc. (NASDAQ: FLXS) (“Flexsteel” or the “Company”), one of the largest manufacturers, importers, and marketers of residential furniture products in the United States, today reported first quarter fiscal 2025 results.

### Key Results for the First Quarter Ended September 30, 2024

- Net sales for the quarter of \$104.0 million compared to \$94.6 million in the prior year quarter, an increase of 9.9% and fourth consecutive quarter of year-over-year sales growth.
- Robust sales orders of \$100.8 million for the first quarter representing growth of 9.4%, compared to the prior year quarter.
- Gross margin increased to 21.5% for the first quarter compared to 19.5% in the prior year quarter.
- GAAP operating income of \$6.0 million or 5.8% of net sales for the first quarter compared to \$1.9 million or 2.0% of net sales in the prior year quarter.
- GAAP net income per diluted share of \$0.74 for the current quarter compared to net income per diluted share of \$0.14 in the prior year quarter.

### Management Commentary

“I am very pleased with our first quarter results and continued strong execution,” said Derek Schmidt, President and Chief Executive Officer of Flexsteel Industries, Inc. “While industry demand remains lackluster due to challenging macroeconomic conditions, we continue to build growth momentum and delivered 10% sales growth in the quarter which represents our fourth consecutive quarter of mid-single to low-double digit year-over-year growth. Our exceptional growth performance was driven by both share gains in our core markets and diversified new growth in expanded markets resulting from our commitment to aggressively invest in new product development, innovation, customer experience and marketing.”

Mr. Schmidt continues, “In addition to our top-line growth success, the organization remains steadfast in driving meaningful profitability improvement. Operating margin was 5.8% in the quarter, up compared to 2.0% in the prior year quarter, and represents our fifth consecutive quarter of year-over-year adjusted operating margin improvement. The levers driving our consistent profit improvement are unchanged and working effectively: sales growth leverage, strong operational execution and productivity, and product portfolio management. With ample manufacturing and distribution capacity to support continued aggressive profitable growth, the earnings growth potential of the Company remains compelling.”

Mr. Schmidt concludes, “I’m proud of our team’s strong start to fiscal year 2025 and encouraged by our trajectory and prospects for continued profitable growth. Our strategies are working and delivering healthy results. Given

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our confidence in continuing our strong execution, we are increasing the midpoints of both our sales and operating profit guidance ranges for fiscal year 2025. We are operating from a point of financial strength and will remain tenacious, but financially disciplined, in investing for future growth to maintain our strong momentum. Industry demand conditions are expected to remain challenged in the near-term, but I'm confident in our team's ability to deliver exceptional value for our customers, continue gaining share, and delivering strong earnings growth throughout the remainder of our fiscal year."

### **Operating Results for the First Quarter Ended September 30, 2024**

Net sales were \$104.0 million for the first quarter compared to net sales of \$94.6 million in the prior year quarter, an increase of \$9.4 million, or 9.9%. The increase was driven by sales of home furnishings products sold through retail stores of \$11.0 million, or 13.3%, led by unit volume and product mix. Sales of products sold through e-commerce channels decreased by \$1.6 million, or 13.3%, compared to the first quarter of the prior year.

Gross margin for the quarter ended September 30, 2024, was 21.5%, compared to 19.5% for the prior year quarter, an increase of 200 basis points ("bps"). The 200-bps increase was primarily driven by sales leverage, supply chain cost savings, and product portfolio management.

Selling, general and administrative (SG&A) expenses decreased to 15.7% of net sales in the first quarter of fiscal 2025 compared with 17.4% of net sales in the prior year quarter. The decrease was mainly due to leverage on higher sales volume and structural cost savings, partially offset by investments in growth initiatives.

Operating income for the quarter ended September 30, 2024, was \$6.0 million compared to \$1.9 million in the prior year quarter.

The Company reported income tax expense of \$1.9 million, or an effective rate of 31%, during the first quarter compared to tax expense of \$0.6 million, or an effective rate of 44.2%, in the prior year quarter. The effective tax rate in the quarter was primarily impacted by non-deductible foreign expenses, state taxes, and foreign operations. The decrease in effective tax rate from the prior year is primarily the result of lower anticipated non-deductible compensation expense, expected research & development credits and higher profit offsetting the impact of non-deductible expenses.

The Company reported net income of \$4.1 million, or \$0.74 per diluted share, for the quarter ended September 30, 2024, compared to net income of \$0.8 million, or \$0.14 per diluted share, in the prior year quarter.

### **Liquidity**

The Company ended the quarter with a cash balance of \$5.7 million, a line of credit balance of \$3.6 million, and working capital (current assets less current liabilities) of \$98.3 million, and availability of approximately \$54.9 million under its secured line of credit.

Capital expenditures for the quarter ended September 30, 2024, were \$0.4 million.

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## Financial Outlook

For the full-year fiscal 2025, the Company is increasing the previously disclosed range of expected sales growth from 2% to 6% to 3.5% to 6.5% and the range of operating margin from 5.5% to 6.5% to 5.8% to 6.5%.

	Second Quarter Fiscal 2025	Fiscal Year 2025
Sales	\$103 - 107 million	\$427 - 440 million
Sales Growth (vs. Prior Year)	3% to 7%	3.5% to 6.5%
GAAP Operating Margin	5.5% to 6.5%	5.8% to 6.5%
Free Cash Flow <sup>(1)</sup>	\$5 to 10 million	\$20 to 30 million
Line of Credit Borrowings	\$0	\$0

<sup>(1)</sup> Free cash flow is calculated as net cash provided by operations, less capital expenditures

## Conference Call and Webcast

The Company will host a conference call and audio webcast with analysts and investors on Tuesday, October 22, 2024, at 8:00 a.m. Central Time to discuss the results and answer questions.

- Live conference call: 833-816-1123 (domestic) or 412-317-0710 (international)
- Conference call replay available through October 29, 2024: 877-344-7529 (domestic) or 412-317-0088 (international)
- Replay access code: 3572796
- Live and archived webcast: [ir.flexsteel.com](http://ir.flexsteel.com)

To pre-register for the earnings conference call and avoid the need to wait for a live operator, investors can visit <https://dpregrister.com/sreg/10193259/fda62ddad4> and enter their contact information. Investors will then be issued a personalized phone number and pin to dial into the live conference call.

## About Flexsteel

Flexsteel Industries, Inc., and Subsidiaries (the "Company") is one of the largest manufacturers, importers, and marketers of residential furniture products in the United States. Product offerings include a wide variety of furniture such as sofas, loveseats, chairs, reclining rocking chairs, swivel rockers, sofa beds, convertible bedding units, occasional tables, desks, dining tables and chairs, kitchen storage, bedroom furniture, and outdoor furniture. A featured component in most of the upholstered furniture is a unique steel drop-in seat spring from which the name "Flexsteel" is derived. The Company distributes its products throughout the United States through its e-commerce channel and direct sales force.

## Forward-Looking Statements

Statements, including those in this release, which are not historical or current facts, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There are certain important factors that could cause our results to differ materially from those anticipated by some of the statements made herein. Investors are cautioned that all forward-looking statements involve risk and uncertainty. Some of the factors that could affect results are the cyclical nature of the furniture industry, supply chain disruptions, litigation, the effectiveness of new product introductions and distribution channels, the

product mix of sales, pricing pressures, the cost of raw materials and fuel, changes in foreign currency values, retention and recruitment of key employees, actions by governments including laws, regulations, taxes and tariffs, the amount of sales generated and the profit margins thereon, competition (both U.S. and foreign), credit exposure with customers, participation in multi-employer pension plans, disruptions or security breaches to business information systems, the impact of any future pandemic, and general economic conditions. For further information regarding these risks and uncertainties, see the “Risk Factors” section in Item 1A of our most recent Annual Report on Form 10-K.

For more information, visit our website at <http://www.flexsteel.com>.

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FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
(in thousands)

	September 30, 2024	June 30, 2024
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 5,740	\$ 4,761
Trade receivables, net	39,481	44,238
Inventories	95,897	96,577
Other	8,787	8,098
Assets held for sale	1,707	1,707
Total current assets	151,612	155,381
<b>NONCURRENT ASSETS:</b>		
Property, plant and equipment, net	36,175	36,709
Operating lease right-of-use assets	59,462	61,439
Other assets	21,475	20,933
<b>TOTAL ASSETS</b>	<b>\$ 268,724</b>	<b>\$ 274,462</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable - trade	\$ 24,852	\$ 25,830
Accrued liabilities	28,482	34,576
Total current liabilities	53,334	60,406
<b>LONG-TERM LIABILITIES</b>		
Line of credit	3,581	4,822
Other liabilities	57,106	58,867
Total liabilities	114,021	124,095
<b>SHAREHOLDERS' EQUITY</b>	<b>154,703</b>	<b>150,367</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 268,724</b>	<b>\$ 274,462</b>



FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)  
(in thousands, except per share data)

	Three Months Ended September 30,	
	2024	2023
Net sales	\$ 104,007	\$ 94,603
Cost of goods sold	81,639	76,193
Gross profit	22,367	18,410
Selling, general and administrative expenses	16,320	16,492
Operating income	6,047	1,918
Interest expense	51	570
Income before income taxes	5,996	1,348
Income tax provision	1,856	596
Net income and comprehensive income	<u>\$ 4,140</u>	<u>\$ 752</u>
Weighted average number of common shares outstanding:		
Basic	5,203	5,182
Diluted	5,576	5,375
Earnings per share of common stock:		
Basic	<u>\$ 0.80</u>	<u>\$ 0.15</u>
Diluted	<u>\$ 0.74</u>	<u>\$ 0.14</u>

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
(in thousands)

	Three Months Ended September 30,	
	2024	2023
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 4,140	\$ 752
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	929	940
Deferred income taxes	22	94
Stock-based compensation expense	1,138	911
Change in provision for losses on accounts receivable	(40)	(70)
Loss on disposal of assets	10	34
Changes in operating assets and liabilities	(3,801)	(4,442)
Net cash provided by (used in) operating activities	2,398	(1,781)
<b>INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	1,155	—
Capital expenditures	(427)	(1,355)
Net cash provided by (used in) investing activities	728	(1,355)
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	(874)	(879)
Treasury stock purchases	—	(455)
Proceeds from line of credit	102,851	101,365
Payments on line of credit	(104,092)	(96,640)
Shares withheld for tax payments on vested shares and options exercised	(32)	(647)
Net cash (used in) provided by financing activities	(2,147)	2,744
Increase (decrease) in cash and cash equivalents	979	(392)
Cash and cash equivalents at beginning of the period	4,761	3,365
Cash and cash equivalents at end of the period	\$ 5,740	\$ 2,973

**INVESTOR CONTACT:**

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